



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

Publicity as a Policy

BY EDWARD D. JONES, P.h.D.

Federal Board for Vocational Education, Washington, D. C.

THE policy of publicity of business facts is something which may be considered with reference to that inundating flood of advertising which rises with the producer or dealer and sets in steady stream toward the buyer or consumer; and with the object of promoting sales. Again, it may be considered with reference to the interchange of technical facts between specialists, which takes place through the trade papers and the programs and publications of trade associations, with the object of improving technical practice. On the other hand, it can be treated as a portion of a program of friendly personnel relations between employer and employe, promoted for the purpose of avoiding industrial unrest. Or, finally, it may be considered as a means of informing the public, and of shaping public opinion, upon those matters in which the practices of private business impinge significantly upon the public welfare, or raise a question of the violation of the community's code of business ethics. It is in a general way with the latter three of these sources of social communion, but particularly with the last one, that we are here chiefly interested.

It has been a traditional policy of American business to be generous, not only with money and opportunity and personal service, but also with information. And this has resulted, as Ian Maclaren once told us, not because the American is a better man than his European contemporary, but because he lives in a larger place. Our leniency in dealing with bankrupts, in going security, in permitting cancellation of contracts, in rendering personal service to buyers, in paying wages to learning operatives, and in keeping open house for visiting business men, is typical of many signs that America has been a land of wide opportunity.

In the first century of American industry, while establishments were small, financing simple, administration informal, and technique hardly more than a gradually expanding craftsmanship, there was little motive for secrecy; and secrecy contained no

threat. There prevailed a simple, direct, local, and automatically self-regulating type of competition. When, however, the states began to construct and subsidize roads and canals, and when private railroad corporations were formed, and later consolidated, a paraphernalia of financial organization and a new art of financial warfare were invented. This was so new a thing that for more than a business generation it escaped any serious effort at public regulation.

Presently, in the nineties, and the decade following, these arts were supplemented by the use of various new arrangements for intercorporate control; and the whole, new, property-right, money-power scheme of competition was transferred for development into the field of the manufacturing industries. With monopolies or powerful alliances sufficiently developed, plans for the control of the raw material industries and for the final elimination of rivals, through the ugly devices of predatory competition, were perfected. To secure a roped-in field, for the final knockout, free from the interference of foreign competitors, the "infant industry" argument was made the staple of political debate, and an "invisible government" was created, with a national political loss, while the sustaining "sinews of war" were provided by corporate campaign contributions.

While these events had been in preparation and the modern corporation was in the process of evolution, competition had long been sifting American business men into classes, on the basis of ability. The topmost class, popularly known as captains of industry, was for the most part composed of self-made men of great physical and mental energy—restless, constructive men; doers rather than thinkers; mastercraftsmen rather than administrators; fortune-builders rather than statesmen; a fair evolutionary variant of the pioneers of settlement of the preceding generation.

Included in this class, however, there was a small percentage of more subtle calculators of value relations—pure economic men—who operated by means of complicated manipulations of corporate securities, and who were at home in the intricacies of Wall Street finance. This class clothed its operations with secrecy as with a garment.

It had been noticed in England, during the Industrial Revolu-

tion, that the most brutal employers were former workmen, who had risen to power through a harsh struggle and emerged with a supreme contempt for every one they could lick—emerged into a world of administration and property control, with the manners and ideals and restraints of which they were unacquainted. A similar phenomenon now exhibited itself with us, as a new power came into being in the hands of men unexperienced in ultimate effects. The captains of industry said to the minor capital interests they squeezed out, "Business is business"; to the individual wage-earners, over-matched in bargaining, "Freedom of contract"; and to the community and its government, "The public be damned."

It is to be admitted, as a palliating circumstance, that public opinion had applied no clear moral code to the new practices. The captains of industry overlooked the fact that, as economic power increases, it is progressively affected with a public interest. Capital instruments operated on a large scale may not be looked upon as private property, in the sense that goods which minister to private need are such, or that capital in small units in a free field, where suppliers and customers and wage-earners have normal alternative opportunities, is private property. They did not realize, at least to a degree sufficient to make them safe as agencies of social welfare, that the executive is a trustee for the capital interests confided to him, and a leader for the employers who are attached to him through economic organization.

In an age of rapid industrial evolution, a few men perfected dangerous weapons of competition, and used them in secret, with arbitrary disregard of the rights of others. They corrupted economic power, as the clique about the Kaiser corrupted political power. Into so much trouble a very small percentage of our business leaders brought us. The real defect was lack of sufficient publicity to awaken public opinion—which is our real government—and to bring perverted men to their senses by the shock of public condemnation. And so American industry, in this period of increasing material comfort, reached its moral apogee. Foreign nations began to fear the economic structures we were building; and we earned throughout the world the reputation of being unscrupulous dollar-chasers.

Fortunately, reform began as a series of scattered and dis-

connected issues, and worked gradually toward a synthesis; a circumstance which was favorable to moderation. Edward Bellamy's *Looking Backward* created the brief movement of nationalism; Henry George's *Progress and Poverty* familiarized people with the concept of unearned increments of profit; Marx's *Capital*, introduced through more popular writings, created a nucleus of socialism; the literature of English Christian socialism affected a few; Thomas Lawson's *Frenzied Finance* reached many. These books introduced economic problems into the reading of the day, created a demand for literature dealing with business conditions, and set men to thinking and observing more clearly.

Populism, arising in the mortgaged middle west, almost prevailed in inaugurating us in a program of economic fallacies. As the sciences underlying the control of forest, field, stream and mine had long been quietly preparing the principles of conservation of resources, there was ready to hand a program for the far west. And then, at the critical moment, when a reunion of reform forces under competent leadership was most needed, Providence blessed us by the appearance of a great personality. Entering public life as a Sir Galahad, he demonstrated to the spirited youth of the nation that politics could be made an honorable career, and something much more than that. By him, public attention was sharply called to the threatening powers in industry, and to the activities of "malefactors of great wealth." The secrecy with which these men had invested themselves now looked like a confession of guilt; it at least greatly stimulated the imagination of the public. Then began the disagreeable but wholesome publicity of the muckrakers. State and Congressional investigations laid bare the whole miserable story. There followed trust legislation and prosecutions, laws against secret railroad rebates, the strengthening of the hands of the Interstate Commerce Commission, laws against unfair trade, the creation of the Federal Trade Commission, and many more corrective steps, which gave evidence of a public opinion aroused to vigilance.

For a considerable period, great aggregations of capital were so distrusted that legislation sought to forego the efficiencies of large-scale operation and to pass back into the primitive condition of an open market. But time has worked a substitution of personnel among business leaders, which has brought men of

quickened conscience and large views to the front. Expert engineers and auditors, in the public service, have established the technique of publicity. The fear of large aggregates of capital is departing. We are swinging to the view that they need not be dissolved, but rather should be regulated in the public interest.

And so, we have entered upon a new day, as our honorable Secretary of Commerce has suggested. There never was a time when, through the discussions of conferences of business experts, so great a variety of knowledge concerning the intimate practices and policies of industry was spread before the public and the learning generation as now. Those who twenty-five years ago began the study of industry may well contrast the poverty of knowledge of that period with the present abundance. This is the means by which the professional spirit nourishes itself. The instinct of professionalism in industry has brought us, in efficiency, far in advance of anything attained by the one-man domination, under a régime of pure property interest, as represented by the captain of industry. To this professional spirit, with its scientific rule of free interchange of basic data, much may be intrusted, for it is fast producing a pride in good workmanship which will make it impossible for a representative of property right, who plans evil, to find a competent agent to execute his bidding.

In the second place, we have definitely abandoned the doctrine of *laissez faire*. The Housing Commission of the City of Milwaukee, in its report to the mayor, November 30, 1918, inserted the following general clause:

We must not fail to appreciate the gradual change in the concept of government, which has been manifested so conspicuously in England and on the continent during the past decade or two, and to some degree in this country. Legislation relating to social amelioration, to transportation, to land improvement and development and to public health has expanded the functions of government far beyond the older concepts of government (which concerned themselves largely with restrictive legislation) and has more fully organized nations to achieve prosperity and stability because it has put the welfare of the whole above the welfare of groups or individuals.

The political party which was once the party of particularism as regards political organization (but now become the champion of solidarity in economic interest) has led us during the war in a gigantic experiment in the organization and control of industry.

Although this has been terminated, with its temporary occasion, it will for decades to come be drawn upon as an arsenal of expedients, whenever any economic interest threatens the general welfare. We have multiplied the standards set up by law, as the plane of competition. We have devised the inspecting, administering and law-enforcing agencies which give legislation effect. In its relation to the key industries of transportation and banking, and in its control of the issue of securities, government has put itself on the way to a supervision which will extend over a wide range of activities, without unduly hampering individual initiative.

In the third place, industry, in response to the temper of the times and the influence of labor organization, is sincerely addressing itself to the wage-earner. This is our backfire to bolshevism. We realize that our safeguard is the stake of the average man in the present economic order and his intelligence with reference to the functions of each factor in production—the factors of capital and management, as well as of labor and the state. Indeed, we only wish that the average man knew much more of capital formation and risk and interest and profits and cost accounts and the nature of the market and the work of the executive. These things the powers-that-were might have been teaching him in the years that have gone by.

Our safeguard is also in the new attitude of our industrial leaders, as shown by the things in which they are interested and the things they think it worth while to do. The point of view has not been better put than by Mr. John D. Rockefeller, Jr., in the first three points of the creed presented by him recently at the convention of the Chamber of Commerce of the United States.

1. I believe that Labor and Capital are partners, not enemies; that their interests are common, not opposed; and that neither can attain the fullest measure of prosperity at the expense of the other, but only in association with the other.

2. I believe that the Community is an essential party to industry, and that it should have adequate representation with the other parties.

3. I believe that the purpose of industry is quite as much to advance social well-being as material prosperity; that, in the pursuit of that purpose, the interests of the Community should be carefully considered, the well-being of employees fully guarded, management adequately recognized and Capital justly compensated, and that failure in any of these particulars means loss to all four parties (Capital, Management, Labor, and the Community).

The war has been a great common cause. It has revealed to many men the joy of a truly big aim and a truly social process of achieving it. Of the dollar-a-year men, the *Saturday Evening Post* (July 12th, 1919) has just said:

They realize that heretofore business has fallen short, and upon returning to their local industries in the various states these men have started the diffusion of new ideas . . . all these men have seen the light. They know that the business man of tomorrow must live and serve as a statesman and trustee, not as a private individual.